

Message Text

UNCLASSIFIED

PAGE 01 TAIPEI 01351 120427Z

ACTION EA-09

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 XMB-04 OMB-01

CIAE-00 INR-07 NSAE-00 /030 W

-----120435Z 006751 /66/21

R 110915Z MAR 77

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 2811

UNCLAS TAIPEI 1351

C O R R E C T E D C O P Y (CORRECTION IN TEXT, PARA 2)

E.O. 11652: N/A

TAGS: TW, BEXP

SUBJECT: EXIM FINANCING FOR ANPING POWER PROJECT

1. OFFICIALS OF GENERAL ELECTRIC CALLED ON ECON COUNSELOR MARCH 11 TO ENLIST SUPPORT FOR U.S. PARTICIPATION IN \$212 MILLION ANPING THERMAL POWER PROJECT TO BE UNDERTAKEN BY THE TAIWAN POWER COMPANY. GE REPS STATE THAT BOTH GE AND WESTINGHOUSE WILL BID ON TURBINE GENERATORS. OTHER U.S. FIRMS, INCLUDING FOSTER WHEELER, ARE INTERESTED IN BIDDING ON BOILERS. GE'S CHIEF CONCERN IS LACK OF COMPETITIVE FINANCING. WHILE THE EXIMBANK HAS GIVEN A PRELIMINARY COMMITMENT ON THIS PROJECT, BOTH THE INTEREST RATE (9 PERCENT) AND LOAN PERCENTAGE (55 PERCENT) ARE LESS ATTRACTIVE THAN FINANCING BEING OFFERED BY FOREIGN COMPETITORS. ACCORDING TO GE, THE SWISS ARE OFFERING 7 PERCENT FOR 10-YEAR LOAN, WHILE THE JAPANESE AND GERMANS ARE OFFERING 7.5 PERCENT FOR 10 YEAR LOAN. THEY FURTHER STATE DIRECT LOAN PERCENTAGE OFFERED RUN BETWEEN 75-85 PERCENT.

2. EMBASSY BELIEVES THAT THERE IS A GOOD CHANCE FOR U.S. FIRMS TO OBTAIN THIS BUSINESS IF FINANCING OFFERED IS COMPETITIVE. BOTH GE AND FOSTER WHEELER STATE THAT TERMS CURRENTLY OFFERED BY EXIM ARE NOT. IF, AS HAS BEEN TRUE
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IN THE PAST, THE USG WOULD LIKE TO SEE U.S. FIRMS GET THESE CONTRACTS, THE DEPARTMENT MAY WISH TO APPROACH EXIM TO SEE IF TERMS OFFERED ON THIS PROJECT COULD BE IMPROVED. EXIM DEPUTY VICE PRESIDENT GEORGE HEIDRICH INDICATED DURING HIS RECENT VISIT TO TAIWAN THAT SOME FLEXIBILITY IN TERMS MIGHT BE POSSIBLE. GE REPS SAY THEY WILL BE IN WASHINGTON NEXT WEEK WITH DOCUMENTARY PROOF OF FOREIGN FINANCING OFFERS AND

WILL CALL ON EXIM.

3. WOULD APPRECIATE BEING KEPT INFORMED OF ACTION TAKEN.
UNGER

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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TAGS: BEXP, TW
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